

## **Bureau of Electronic and Appliance Repair**

### **Proposed Regulation**

#### **1. Adopt Section 2755.**

##### **2755. Definition of Product.**

For the purpose of the rules and regulations contained in this chapter, the term 'home health care products' are products purchased by an individual consumer for the purpose of personal care or personal health care. These products are powered by an AC cord or battery and include but are not limited to, personal grooming equipment, body care and skin products, oral care products, blood pressure monitors, portable humidifiers, nebulizers, or air purifiers, or other like equipment.

NOTE: Authority cited: Section 9814, Business and Professions Code. Reference: Sections 9830.5, 9855.2, and 9855.7, Business and Professions Code.

#### **2. Amend Section 2756.**

##### **2756. Registration of Service Contractors.**

An application for registration as service contractor shall be filled with the Bureau on an application form (Form 61A-2, Rev. ~~8/95~~1/04) prescribed and provided by the Bureau and accompanied by the prescribed fee. In addition, to the information required by Section 9830.5 of the Code, an application shall also include the following:

(a) The service contractor's telephone number, mailing address, and the service contractor's business name, business address and business telephone number if different than the information relating to the individual service contractor.

(b) A service contract seller shall disclose the name and address of all service contract administrators which it uses to administer its service contracts.

(c) A service contract administrator shall disclose the name and address of the service contract sellers who sell or offer contracts administered by the administrator.

(d) A copy of the service contractor's proposed service contract form.

(e) The current value, based upon the full purchase price of the service contract paid by the service contract holder, of all service contracts in force, unless the service contractor has purchased or has arranged to have purchased on its behalf a service contract reimbursement insurance policy covering its service contracts or the service contracts which it administers.

(f) Proof of financial responsibility which complies with one of the following requirements:

(1) The most recent annual report on Form 10-K required by the Securities and Exchange Commission which complies with the provisions of Section 9855.2(a)(1) of the Code. A foreign corporation may submit a comparable regulatory filing which complies with the provisions of Section 2757.3 and includes an audited statement.

(2) A copy of a service contract reimbursement insurance policy which complies with the provisions of Section 9855.4 of the Code.

(3) Copies of contracts which evidence that a service contract seller sells service contracts which are administered by a service contract administrator who has

obtained a service contract reimbursement insurance policy covering the seller's service contracts.

(4) Evidence of a funded escrow account which complies with the provisions of Section 2757.5. Such evidence shall disclose the name and address of the financial institution which holds the funded escrow account, the escrow account number, the escrow account instructions, and the most recent financial statement for the escrow account from the financial institution holding the escrow account. The applicant shall also grant the Director or his or her designee the authority to verify with the financial institution holding the escrow account the fund condition of the account.

(5) The most recent audited financial statement reflecting a net worth of not less than one hundred million dollars (\$100,000,000) which complies with Section 9855.2(a)(1) of the Code. This audited financial statement shall be filed with the Bureau annually with the registration renewal.

(g) A service contractor who is a service contract administrator shall only be allowed to demonstrate financial responsibility by submitting a copy of the service contract reimbursement insurance policy covering the service contracts which it administers.

(h) Where the service contractor is a sole proprietor, the owner shall disclose his or her social security number. Where the service contractor is a partnership, it shall disclose its federal employer identification number.

Individuals identified in the application shall disclose a form of official identification from a state or federal government, such as a driver's license number or state identification number or passport number.

(i) Criminal and adverse administrative licensing history information in any jurisdiction relating to the service contractor and the following individuals:

(1) Sole proprietorship - Individual owner.

(2) Partnership - All general partners.

(3) Company submitting a Form 10-K with its application - The individual in charge of the company's service contract program.

(4) Company not submitting a Form 10-K with its application - All officers and directors of the company and the individuals in charge of the company's service contract program.

(j) Signatures from the following individuals:

(1) Sole proprietorship - Individual owner.

(2) Partnership - All general partners.

(3) Corporation - The officer or individual in charge of its service contract program.

NOTE: Authority cited: Section 9814, Business and Professions Code. Reference: Sections 9830.5, 9855.2, and 9855.7, Business and Professions Code.